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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 000060

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TAGS: [PREL](#) [PGOV](#) [ENRG](#) [RS](#) [AM](#) [AJ](#) [TU](#)

SUBJECT: RUSSIA PLAYS ITS CARDS IN ARMENIA, AZERBAIJAN,
TURKEY

REF: A. MOSCOW 1763

[1](#)B. MOSCOW 2737

[1](#)C. MOSCOW 834

Classified By: A/DCM Susan Elliott for reasons 1.4 (b), (d)

[1](#)1. (C) Summary. As a counterpoint to its August 2008 invasion of Georgia, Russia is pursuing traditional diplomacy with its South Caucasus neighbors Armenia and Azerbaijan, while addressing growing Turkish influence in the region. Although wary of Yerevan's possible westward reorientation, Moscow supports Armenia's rapprochement with Turkey in the knowledge that Russia-Armenia ties are strong and lasting. Russia is exploiting Azerbaijan's alarm over the possible Turkey-Armenia normalization to improve its ties to Baku. Moscow has kept Ankara out of the Nagorno-Karabakh process so far, while increasing its economic and energy ties with Turkey. End Summary

[1](#)2. (C) Russia's invasion of Georgia in August 2008 caused concern among other CIS countries, necessitating efforts by Moscow to repair relations with the South Caucasus nations Azerbaijan and Armenia. Obstacles in this endeavor are Turkey's increasing influence in the region and Moscow's inability to dictate its will in the region, despite President Medvedev's assertion that Russia maintains a "zone of privileged interest". In its multilateral activity, Moscow is crafting its policy around the Turkey-Armenia normalization and Nagorno-Karabakh.

Armenia

[1](#)3. (C) The MFA quietly tells us that Russia is ambivalent about Turkey's increasing involvement in Russia's backyard, which culminated in the October 10 signing of the protocols on normalizing Turkey-Armenia relations. If Armenia shifts its orientation westward in the long term, its dependence on Russia will lessen. If Armenia established peace with Azerbaijan, Armenia could participate in the East-West energy corridor.

[1](#)4. (C) Moscow officially supports normalization, though is not actively promoting it. Moscow judges that the benefit normalization promises to Russia's closest ally in the region, Armenia, outweighs the potential downside. Armenia's political and economic dependence on Russia is unlikely to change significantly despite closer ties to Turkey. Russian-Armenian cultural and religious ties will remain, while Armenia lacks similar commonality with Turkey. The Turkey-Armenia rapprochement also weakens Azerbaijan's ties to Turkey, providing Moscow with an opening to improve its relations with Baku.

15. (C) Russian business interests also favor the Armenia-Turkey rapprochement. There are more than 1000 Russian enterprises operating in Armenia, with the MFA telling us that 500 of the 800 largest firms in that country are Russian-owned. These Russian entrepreneurs look forward to the new market opportunities created by the border opening to Turkey. Finally, experts expect the Russian military presence in Armenia to continue. The Russian Federal Security Service has four detachments in Armenia -- in Gyumri, Armavir, Artashat and Megri, and a separate checkpoint at Yerevan's international airport Zvartnots. In April 2009, Russia agreed to set up a "Unified Regional Air Defense System" with Armenia.

16. (C) Russia also continues to look out for Armenian interests in the Nagorno-Karabakh conflict. Moscow has stated that the stabilization of Turkey-Armenia relations and Nagorno-Karabakh settlement process are "parallel processes, which are not correlated", thereby endorsing the Armenian approach. On January 13, PM Putin restated in a press conference that it would "not be right to tie together" Nagorno-Karabakh and the normalization.

Azerbaijan

17. (C) Despite its engagement with Armenia, Russia has not forgotten Azerbaijan. The Turkey-Armenia rapprochement has left Azerbaijan looking for other allies in the region, and

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Russia is ready to step in. As a first step, Gazprom in July forged a gas deal with SOCAR at favorable prices for Baku (ref A), with Azeri gas deliveries to Russia scheduled to commence in January 2010. In the mid-term, Russia hopes to participate in Azerbaijan's Shah-Deniz gas production on mutually beneficial terms. Russia also collaborates with Azerbaijan on military-technical issues, and is considering Baku's participation in the GLONASS program. The December 22, 2009 Azeri-Russian bilateral interparliamentary commission discussed legislative support for trade, economic, scientific, technical, cultural, and humanitarian cooperation between Azerbaijan and Russia, and looked at ways to harmonize national legislation.

Turkey

18. (C) Russia has also worked to draw Turkey closer, lest Ankara seek to enhance its stature in the South Caucasus in the wake of the Georgia conflict. Putin described Turkey as a bigger economic partner of Russia than the U.S. or the United Kingdom. The Turkish embassy tells us that Russia has surpassed the EU as Turkey's largest trade partner. Turkey depends on Russia for 29 percent of its oil and 63 percent of its natural gas, while the August 7 Russia-Turkey Strategic Energy Partnership covers 12 agreements on further cooperation. According to Putin, Turkey has agreed to Russia's Blue Stream 2 project to transport gas to the eastern Mediterranean. Turkey also expressed support for Russia's South Stream project. Russia and Turkey further agreed in late October to build an oil refinery as part of the project to build the Samsun-Ceyhan pipeline, with a view to joint oil product sales. In his working visit to Russia January 12-13, Turkish Prime Minister Recep Tayyip Erdogan further discussed energy issues with Putin, which led to the signing of a declaration on building a nuclear power plant in Turkey.

19. (C) Improved Russian relations with Turkey could have a further benefit for Moscow. A strong Abkhaz minority lives in Turkey -- by some accounts up to 500,000, or 80 percent of the Abkhaz people. Even if Turkey will not recognize

Abkhazia, if Moscow can persuade Turkey to increase its economic involvement, the breakaway region could bolster its claims for statehood.

¶10. (C) Moscow hopes Turkey's economic dependence on Russia will limit the GOT's ambitions to expand its regional political role, including on Nagorno-Karabakh (ref C). Russia continues to support a resolution of the conflict only within the Minsk Group process, which largely excludes Turkey. In addition, Moscow monopolizes the "2 plus 1" talks between Presidents Sargsian, Aliyev, and Medvedev, which have recently been one of the key venues for progress on Nagorno-Karabakh. Azerbaijan Foreign Minister Elmar Mammadyarov's December 25 call for Turkey to be involved in the Nagorno-Karabakh resolution process raised the pressure on Russia and its Minsk Group partners to produce results.

Comment

¶11. (C) Russia's active diplomacy with Azerbaijan, Armenia and Turkey seem designed to underscore the message that the use of force in Georgia was an exceptional circumstance and that Moscow is committed to traditional diplomacy with other countries in the region. Given Russia's deep historical ties with Armenia, its growing economic relations with Turkey, and Azerbaijan's need for leverage with both Yerevan and Ankara, the GOR's position in the region remains reasonably strong.
Rubin